

106TH CONGRESS
2D SESSION

S. 3143

To improve the integrity of the Federal student loan programs under title IV of the Higher Education Act of 1965 with respect to students at foreign institutions.

IN THE SENATE OF THE UNITED STATES

OCTOBER 2 (legislative day, SEPTEMBER 22), 2000

Mr. SESSIONS (for himself, Mr. JEFFORDS, Mr. BROWNBACK, Ms. COLLINS, Mr. HUTCHINSON, and Mr. STEVENS) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To improve the integrity of the Federal student loan programs under title IV of the Higher Education Act of 1965 with respect to students at foreign institutions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Foreign University
5 Loan Security Act”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—Congress makes the following find-
8 ings:

1 (1) The number of students applying for loans
2 and claiming to attend foreign institutions has risen
3 from 4,594 students in 1993 to over 12,000 stu-
4 dents in the 1998–1999 school year.

5 (2) Since 1995 there have been 25 convictions
6 of students who fraudulently claimed they were at-
7 tending a foreign institution, then cashed the check
8 issued directly to them, and did not attend the for-
9 eign institution.

10 (3) Tighter disbursement controls are necessary
11 to reduce the number of students fraudulently apply-
12 ing for loans under title IV of the Higher Education
13 Act of 1965 and claiming they are going to attend
14 foreign institutions. Funds should not be disbursed
15 for attendance at a foreign institution unless the for-
16 eign institution can verify that the student is attend-
17 ing the institution.

18 (b) PURPOSES.—The purposes of this Act are as fol-
19 lows:

20 (1) To enhance controls on the loans under title
21 IV of the Higher Education Act of 1965 in relation
22 to attendance at foreign institutions.

23 (2) To reduce the number of students who ob-
24 tain loans under title IV of the Higher Education

1 Act of 1965 for attendance at a foreign institution
2 and do not attend the foreign institution.

3 (3) To tighten restrictions on loans under title
4 IV of the Higher Education Act of 1965 for a stu-
5 dent claiming to attend a foreign institution by re-
6 quiring verification that the student is attending the
7 foreign institution.

8 **SEC. 3. PILOT PROGRAM REQUIRED.**

9 (a) IN GENERAL.—The Secretary of Education, not
10 later than 2 months after the date of enactment of this
11 Act, shall carry out a 12-month fraud control pilot pro-
12 gram to reduce the incidence of fraud in the student loan
13 programs under title IV of the Higher Education Act of
14 1965 with respect to students at foreign institutions. Such
15 program shall involve guaranty agencies, lenders, and a
16 representative group of foreign institutions.

17 (b) CONSIDERATIONS.—In developing the fraud con-
18 trol pilot program, the Secretary of Education shall con-
19 sider a variety of methods to reduce fraud with respect
20 to students at foreign institutions that may include—

21 (1) predisbursement confirmation of enrollment
22 by the guaranty agency;

23 (2) postdisbursement confirmation of registra-
24 tion by the foreign institution; and

25 (3) dual endorsement.

1 **SEC. 4. RECOMMENDATIONS AND FINDINGS.**

2 (a) IN GENERAL.—Not later than 12 months after
 3 initiation of the fraud control pilot program, the Secretary
 4 of Education shall transmit to the Committee on Health,
 5 Education, Labor, and Pensions of the Senate, the Com-
 6 mittee on Education and the Workforce of the House of
 7 Representatives, and the Comptroller General the results
 8 of the pilot program and steps the Secretary will take to
 9 implement the findings from the pilot program across the
 10 student loan programs under title IV of the Higher Edu-
 11 cation Act of 1965.

12 (b) RECOMMENDATIONS FOR LEGISLATIVE AC-
 13 TIONS.—The report shall include recommendations for
 14 legislative changes, if any, that are required to ensure the
 15 integrity of such student loan programs.

16 **SEC. 5. EVALUATION BY GAO.**

17 Not later than 2 months after the Secretary of Edu-
 18 cation transmits the report described in section 4 to Con-
 19 gress, the Comptroller General shall evaluate the fraud
 20 control pilot program and the report, and shall transmit
 21 to the Committee on Health, Education, Labor, and Pen-
 22 sions of the Senate and the Committee on Education and
 23 the Workforce of the House of Representatives the results
 24 of the evaluation.

